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C O N F I D E N T I A L TEL AVIV 002729

SIPDIS

E.O. 12958: DECL: 05/02/2015

TAGS: PGOV PREL KDEM KNAR IS GOI INTERNAL GAZA DISENGAGEMENT

SUBJECT: SHARANSKY'S RESIGNATION OVER DISENGAGEMENT LEAVES

GAP IN JEWISH PROPERTY RESTITUTION COVERAGE

REF: TEL AVIV 2664 (NODIS NOTAL)

Classified By: Deputy Chief of Mission Gene Cretz for reasons 1.4 (b,d)

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1. (C) The long-expected May 2 resignation of Minister-without-Portfolio Natan Sharansky was an act of political symbolism by a disengagement opponent that comes too late to affect the course of disengagement. In announcing that he is resigning over his opposition to disengagement, Sharansky said that he opposed disengagement because it rewards terrorism and should be contingent on democratic reforms in the Palestinian Authority. Sharansky told Prime Minister Sharon privately of his decision on April 21 (reftel), but delayed the public announcement until after the Passover holiday and a stay this past weekend at the Gush Katif settlement block in Gaza. Sharansky apparently made his decision to leave the GOI much earlier. According to one of his former top aides, Erin Mor, Sharansky informed his staff prior to GOI decisions on disengagement in February and March that, once disengagement would become finalized, he would have to leave the government.

2. (C) Mor expressed uncertainty about Sharansky's political future. Since Sharansky is not a Knesset Member, his resignation from his ministerial position takes him out of the GOI altogether. Agudat Yisrael MK Ya'akov Litzman told Poloff May 2 that he has heard that Sharansky intends to announce his candidacy to head the Jewish Agency. Mor suggested that Sharansky may now intend to get more involved in Likud politics. (Note: Sharansky was chairman of the former Yisrael Ba'aliya Party, which merged with Likud last year. The merger agreement brought 128 members of Yisrael Ba'aliya into Likud's 3,000-member Central Committee. End note.) Sharansky may also intend to spend more time promoting his new book, "The Case for Democracy." His staff has in recent months met with emboffs to discuss ideas for advancing democracy in the Middle East. In a May 2 morning meeting with Senate Majority Leader Bill Frist, Sharansky was upbeat and said that he would continue his work.

3. (C) Sharansky's resignation leaves temporarily vacant the minister-without-portfolio position that covers Jewish property restitution and anti-Semitism. The vacancy could lead the GOI to reexamine how it handles these matters. Mor, who worked closely with Sharansky on restitution issues and who has returned to his former position in the Ministry of Finance, opined that Holocaust-era restitution matters should be housed within a permanent ministry, and not handled by a minister-without-portfolio, now that the GOI has in the past month launched a five-year plan on restitution matters. Mor noted that restitution of Jewish property from Arab countries has a permanent structure within the Ministry of Justice, and advocated creating a similar structure for Holocaust-era restitution issues within the Finance Ministry. He said he is now a candidate to head the Finance Ministry's International Division, and that if appointed, he would promote the establishment of such a structure to handle property restitution.

4. (C) MK Litzman, who chairs the Knesset's Finance Committee, however, told Poloff that he is against placing Jewish property restitution within the Finance Ministry, and would prefer that it be handled by the Prime Minister, himself. Litzman said he expected the Prime Minister would handle restitution and the other areas left vacant by Sharansky until Sharon can shepherd through the Knesset the appointment of several additional ministers.

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